

November 13, 1997

MEMORANDUM TO: Distribution

FROM: Michael J. Rubino, Associate Director
Acquisition Services Branch

SUBJECT: Policy Memorandum No. 97-017– Procedures for Using
Federal Supply Schedules

1. Purpose. The purpose of this Policy Memorandum is to supercede Policy Memorandum No. 97-012, dated August 13, 1997, in its entirety and to require technical evaluations for Federal Supply Schedule (FSS) awards for services that are greater than the FSS's Maximum Order Threshold.

2. References.

- (a) APM 9.C., *Using the Federal Supply Schedules and Other Contracts*, page 9-7.
- (b) Policy Memorandum No. 97-006, dated May 2, 1997.
- (c) Policy Memorandum No. 97-012, dated August 13, 1997.

3. Scope. This Policy Memorandum is applicable to all Contracting Officers and Acquisition Services Branch (ASB) personnel involved with issuing orders against FSS contracts. These changes supplement Circular 3700.16, *Acquisition Policy Manual*, dated October 3, 1996.

4. Background.

Policy Memorandum No. 97-012 established additional procedures for using FSS contracts based on the dollar amount of a delivery order. For example, APM 9.C.3.a. states that FSS awards \$100,000 or less could be awarded without obtaining price comparisons or conducting technical evaluations. However, APM 9.C.3.c. states that FSS awards greater than the Maximum Order Threshold require three price comparisons, active negotiation to obtain price reductions, and optional technical evaluations. This Policy Memorandum makes technical evaluations mandatory instead of optional when procuring services under an FSS delivery orders greater than the Maximum Order Threshold.

5. APM Changes. Therefore, in accordance with the foregoing, the APM is changed as follows:

a. Price Comparisons and Limited Technical Evaluations. In order to restate the unchanged policies and procedures from in Policy Memorandum No. 97-012 and to modify the APM 9.C.3.c., *FSS Awards Greater than \$100,000 and Exceeding the Maximum Order Threshold*, APM paragraphs 9.C.3.a. through e. are deleted in their entirety and restated as follows:

“9.C.3.a. FSS awards \$100,000 or less. A delivery order may be placed directly with any FSS contractor without further price comparison. In these cases, the award should be processed within 5 calendar days.

9.C.3.b. FSS Awards Greater than \$100,000 and Less than the Maximum Order Threshold.

For delivery orders awarded under an FSS contract in this price category, price comparisons shall be conducted with at least three (3) FSS contractors offering the required product or service. The Contracting Officer should ensure a reasonable number of Minority Women Owned Business firms are included. At the Contracting Officer’s discretion, the price comparisons may be through review of published price lists or through oral or written Requests for Quotations (RFQs). All quotes must be based on the same estimated volume of services or goods to be purchased.

Contracting Officers may allow for a limited technical review (i.e., optional). If a limited technical evaluation is included, the final award shall be based upon a best value determination including price and/or delivery/technical requirements. Awards should be processed within 15 calendar days. The Contracting Officer shall ensure that the verbal or written quotes are documented in the contract file and clearly justify the propriety of the award decision.

9.C.3.c. FSS Awards Greater than the Maximum Order Threshold.

For delivery orders awarded under an FSS contract in this price category, price comparisons shall be conducted with at least three FSS contractors offering the required product or service. The Contracting Officer should ensure a reasonable number of Minority Women Owned Business firms are included. The Contracting Officer shall seek price reductions by obtaining written quotes from each FSS contractor.

Contracting Officers may allow for a limited technical review (i.e., optional) when procuring goods under an FSS contract. **However, Contracting Officers shall require a limited technical evaluation when the FSS award is for services.**

The final award shall be based upon a best value determination (e.g., price, technical evaluation and/or delivery requirements for services). Awards should be processed within 60 calendar days. The Contracting Officer shall ensure that the written quotes are documented in the contract file and clearly justify the propriety of the award decision.

9.C.3.d. Use of Brand Name Specifications. If price comparisons, as required under APM 9.C.3.b. and c. above are to be conducted only among FSS contractors selling a specific brand-name item, the program office must provide a written justification to the Contracting Officer demonstrating why a specific brand is essential to the requirement. Contracting Officer approval is required prior to requesting verbal or written quotes.

9.C.3.e. Procuring Non-Schedule Goods and Services. Generally, FSS contracts offer a vast array of goods and /or services covering most customer needs within a given schedule. However, there may be times when a FSS contractor does not offer goods and/or services related (i.e., incidental) to the overall requirement. If the cost of “non-schedule” incidental goods and/or services is less than 25% of the total price of the procurement, an FSS contractor is permitted to add these to the FSS delivery order.”

b. Additional Guidelines for Conducting Market Research. Market research is an effective tool for acquiring knowledge of goods, services and pricing information available within the marketplace. It is encouraged so that FDIC can develop the most suitable approach for acquiring its goods and services and facilities requirements definition and technical analysis of options. Care must be taken to ensure that a level playing field for all prospective offerors is maintained.

1. APM 4.C.2., *Responsibility*, is modified to include an additional provision as follows:

“4.C.2.a. Procedures for Conducting Market Research. If market research is required, prior to making any award, including an order under an FSS contract, Program Offices will notify the Contracting Officer before market research is initiated. The Contracting Officer will determine for each case the appropriate level of participation by ASB personnel in conducting the research and will provide guidance regarding the appropriate content and flow of communication as well as the appropriate forum for conducting market research.”

2. APM 4.C.3., *Techniques*, is modified to add the following:

“In addition, other market research techniques include reviewing industry publications, catalogs, trade show literature, vendor literature, product research sources, publishing formal requests for information, querying available databases, reviewing published price lists, conducting information meetings and conducting product demonstrations.”

3. APM 4.C.5., *Caution*, is modified to add the following:

“Market research does not include making purchase commitments, conducting price negotiations, sharing procurement-sensitive or other information that would place one vendor in a more favorable position than other vendors regarding the requirement.”

7. Effective Date. This Policy Memorandum is effective immediately.

8. Contacts. If you have any questions regarding this Policy Memorandum, please call Dave McDermott on (202) 942-3434.

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